

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0944-01  
Bill No.: HB 562  
Subject: Boards, Commissions, Committees, Councils; Economic Development Dept.;  
Law Enforcement Officers and Agencies  
Type: Original  
Date: March 17, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Criminal Records System Fund	\$0	\$4,508	\$140
Private Investigator Examiners Fund	\$0	\$122,266	(\$101,937)
PR Fees Fund	(\$25,438)	\$25,438	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$25,438)</b>	<b>\$152,212</b>	<b>(\$101,797)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Department of Revenue, State Treasurer's Office** and the **Office of the State Courts Administrator** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Corrections (DOC)** state they cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court. If additional persons are sentenced to the custody of the DOC due to the provisions of this proposal, the DOC will incur a corresponding increase in operational cost either through incarceration or through supervision provided by the Board of Probation and Parole. Supervision by the DOC through probation or incarceration would result in additional unknown costs to the department. DOC states eight (8) persons would have to be incarcerated per fiscal year to exceed \$100,000 annually; however, due to the narrow scope of this new crime, it is assumed the impact would be less than \$100,000 annually.

**Oversight** assumes costs associated with the limited number of potential licensees who might be incarcerated could be absorbed by the DOC.

ASSUMPTION (continued)

Officials from the **Office of State Public Defender (SPD)** assume existing staff could provide representation for those cases arising where indigent persons were charged with working as a private investigator without a license. SPD notes passage of more than one proposal increasing penalties on existing crimes or creating new crimes would require their office to request increased appropriations to cover the cumulative cost of representing indigent persons accused in the now more serious cases or in the new additional cases.

Officials from the **Office of Prosecution Services** indicate any costs to prosecutors resulting from this proposal could be absorbed.

Officials from the **Administrative Hearing Commission (AHC)** anticipate this proposal will not significantly alter its caseload. AHC notes if other similar proposals also pass, creating more cases or more complex cases, there would be a fiscal impact.

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the Board of Private Investigator could require as many as 38 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. SOS estimates the cost of a page in the *Missouri Register* and the *Code of State Regulations* to be \$23 and \$27, respectively. SOS emphasizes the actual costs could be more or less than the estimated cost of \$2,337 for FY 2003. SOS states the impact of this proposal in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Public Safety – Director's Office (DPS)** assume the proposal gives their agency the authority to license bail bondsmen upon completion of training. DPS assumes it will license bail bondsmen in the same manner as Peace Officers Standards and Training (POST) certifies law enforcement officers. DPS bases costs to administer a training program on the current FTE count to run POST. DPS assumes the proposal will require four (4) additional FTE: one Program Manager with an annual salary of \$51,888; one Professional Registration License Supervisor with an annual salary of \$31,380; one Clerk Typist IV with an annual salary of \$26,460; and one Clerk Typist with an annual salary of \$23,184. DPS assumes

ASSUMPTION (continued)

the total cost to General Revenue, including salaries, fringe benefits, expense and equipment, rental space and renovation expense, to be \$274,675 in FY 2004, \$257,679 in FY 2005 and \$262,583 in FY 2006.

**Oversight** inquired of DPS and confirmed DPS's fiscal impact is attributable to proposed §324.1130.3, RSMo. **Oversight** notes proposed §324.1130.3, RSMo., states "DPS shall establish guidelines to permit a private investigator to carry a concealed firearm, not to be greater than the firearm training imposed on a POST commissioned officer of a county of the first class classification." **Oversight** assumes such language does not require DPS to provide firearm training. **Oversight** assumes prospective private investigators could attend public or private firearm training. **Oversight** assumes the number of prospective private investigators who would elect to go through POST training is unknown. **Oversight** assumes DPS would ask for new decision items resulting from increased demand for POST or similar training if/when the need arises.

Officials from the **Missouri State Highway Patrol (MSHP)** assume 3,333 fingerprints or less would be processed within a one year time span. Based on that assumption, MSHP anticipates no need for FTE or equipment. MSHP states there would be an impact on total state revenue because of the fees for processing fingerprints: \$14 (state fee) x 3,333 = \$46,662 and \$24 (federal fee) x 3,333 = \$79,992. The federal money is passed through to the FBI and is not retained in the Criminal Records System Fund. The \$46,662 however, would be kept in the fund.

**Oversight** has adjusted the number of fingerprints to match the estimate provided by the Division of Professional Registration. **Oversight** assumes costs associated with fingerprints will begin in FY 2005 due to the length of time required to establish the board combined with the potential effect of grandfathering current private investigators.

Officials from the **Office of the Attorney General (AGO)** assume representing the Board of Private Investigator Examiners in licensure matters would require 0.5 (part-time) Assistant Attorney General II. AGO assumes salary and fringe benefits related to this position would cost General Revenue \$21,509 in FY 2004; \$26,457 in FY 2005; and \$27,118 in FY 2006.

**Oversight** assumes that the AGO will be reimbursed for services from the Private Investigator Examiners Fund.

ASSUMPTION (continued)

Officials with the **Department of Economic Development–Division of Professional Registration (DPR)** estimate the proposal will result in the licensing of 322 individuals as private investigators and at least 322 businesses, based on a search of Superpages.com. DPR assumes a fee of \$400 will be paid for all categories of licensure with biennial renewal. DPR estimates a 3% growth rate and assumes licensure begins in FY 2005, resulting in revenue to the Private Investigator Examiners Fund of \$257,600 in FY 2005 and \$3,864 in FY 2006.

DPR assumes all fees collected and all expenses would be deposited into and paid out of the Board of Private Investigator Examiners Fund. DPR notes expenses occurring prior to an appropriation (FY 2004) would be borrowed from another fund within Professional Registration and paid back in FY 2005 if funds are available.

DPR assumes implementation of the proposal will require hiring an additional 1.5 FTE in FY 2005, as follows: 0.5 Principal Assistant (0.5 FTE at \$48,240) to serve as the senior executive officer of the agency; 0.5 Licensure Technician II (0.5 FTE at \$24,492) to provide technical support, process applications for licensure and respond to any inquiries related to the licensure law or rules & regulations; and 0.5 Account Clerk II (0.5 FTE at \$23,184) to provide support for the Division's Central Accounting Section and Central Cash Receiving Room. DPR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$2,600.

DPR assumes the five (5) member board would meet four (4) times per year for two (2) days per meeting, in Jefferson City. DPR notes the Principal Assistant, Licensure Technician and an Attorney General representative will also attend the meeting. DPR assumes there would be four (4) meetings in FY 2004 to promulgate rules and regulations. DPR estimates each board member will receive a \$50 per for each day conducting board business. DPR assumes per diem, mileage, lodging, and meal expenses (for five board members and three staff) to cost approximately \$9,500 annually.

DPR assumes 12 complaints would be received each year and would require, on average, five hours each to complete. DPR estimates 15% of these complaints (2) will require field investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the two investigations are estimated at \$670 annually. DPR assumes complaints and investigations would not start until FY 2006.

DPR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO). DPR estimates 25% of investigations (1) would be forwarded to the AGO for further action. Assuming \$5,400 cost per case, DPR estimates \$5,400 annually beginning in FY 2006. DPR also estimates the AGO would provide approximately 60 hours of assistance with

ASSUMPTION (continued)

rules, opinions and meetings per year. Assuming an hourly rate of \$60.87, these costs are estimated at \$3,652 yearly.

DPR assumes printing and postage costs will be incurred in the first year for statute and rule mailings and for startup printing of rules, applications, letterhead and envelopes. DPR estimates printing and postage costs at \$6.22 per licensee in the first year, for a total cost of \$4,006. Subsequent years' printing and postage costs are expected to be \$2,500 annually, based on a similarly-sized board.

DPR assumes licensed private investigators will represent 0.5% of DPR's overhead. As such, the board will be required to reimburse the Division and the Department of Economic Development for its share of administrative overhead costs, \$12,498 per annum. DPR assumes these costs will begin in FY 2004.

**Oversight** has done the following to calculate the fiscal impact:

- (1) Assumed private investigative businesses may have more than one investigator and have adjusted the total number of potential licensees to 1,000 and assume DPR's request of 1.5 additional FTE should be able to handle the workload;
- (2) Adjusted the licensure fee to \$250 which should cover the operations of the Board;
- (3) Assumed additional rental space would not be required and no additional furniture or equipment should be required since requested FTE are all part-time positions;
- (4) Adjusted travel expense related to board meeting meal allowances by \$840 as a result of Office of Administration travel guidelines which do not allow meals for state employees when they are in their official domicile; and
- (5) Used DPR's estimates unless otherwise noted.

**This proposal would increase total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>CRIMINAL RECORD SYSTEM FUND</b>			
<u>Income</u> – Missouri State Highway Patrol Fingerprint Fees	\$0	\$12,236	\$380
<u>Transfer</u> – Missouri State Highway Patrol Federal Portion (FBI) of Fingerprint Fees	<u>\$0</u>	<u>(\$7,728)</u>	<u>(\$240)</u>
<b>ESTIMATED NET EFFECT ON CRIMINAL RECORD SYSTEM FUND</b>	<b><u>\$0</u></b>	<b><u>\$4,508</u></b>	<b><u>\$140</u></b>
<b>PRIVATE INVESTIGATOR EXAMINERS FUND</b>			
<u>Income</u> – DPR Licensure Fees/Renewals	\$0	\$250,000	\$7,500
<u>Cost</u> – DPR Transfers to PR Fees Fund	<u>\$0</u>	<u>(\$127,734)</u>	<u>(\$109,437)</u>
<b>ESTIMATED NET EFFECT TO PRIVATE INVESTIGATOR EXAMINERS FUND</b>	<b><u>\$0</u></b>	<b><u>\$122,266</u></b>	<b><u>(\$101,937)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>PR FEES FUND</b>			
<u>Income - DPR</u>			
Transfer from Private Investigator Examiners Fund	\$0	\$127,734	\$109,437
<u>Costs – DPR</u>			
Board Member Per Diem	(\$2,000)	(\$2,000)	(\$2,000)
Personal Service (1.5 FTE)	\$0	(\$50,386)	(\$51,646)
Fringe Benefits	\$0	(\$20,391)	(\$20,901)
Expense and Equipment	(\$7,288)	(\$12,884)	(\$12,527)
Division Administration	(\$12,498)	(\$12,873)	(\$13,259)
AGO	<u>(\$3,652)</u>	<u>(\$3,762)</u>	<u>(\$9,104)</u>
Total Costs – DPR	<u>(\$25,438)</u>	<u>(\$102,296)</u>	<u>(\$109,437)</u>
<b>ESTIMATED NET EFFECT TO PR FEES FUND</b>	<b><u>(\$25,438)</u></b>	<b><u>\$25,438</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small businesses could expect a fiscal impact as a result of this proposal due to application, training and fingerprint search fees as well as the loss of manpower and salaries for investigators required to meet training standards.



## DESCRIPTION

This proposal creates the Board of Private Investigator Examiners within the Division of Professional Registration. The Board will consist of five members appointed by the Governor with the advice and consent of the Senate. The members may receive compensation as determined by the director and shall be reimbursed for actual and necessary expenses. The Board shall be a body corporate and may sue and be sued. The Board of Private Investigator Examiners Fund is also created.

The proposal makes it unlawful for persons to engage in the private investigator business unless licensed. Application requirements are specified. The Board shall ensure applicants complete a course of training conducted by a certified trainer; pass a written examination; and submit to an oral interview with the Board. Complete background checks will be conducted on all applicants. The proposal grandfathers current private investigators and a license will be issued to such persons who apply within 180 days if the applicant shows registration and good standing as a business and \$250,000 in business general liability insurance. The Board is given authority to review reciprocity applications.

Grounds for denial of licensure are specified. The Board shall set the fees for licensure at a level to produce revenue which will not substantially exceed the cost and expense of administering the provisions of the proposal. Licenses shall expire two years after issuance and provisions for renewal are provided.

License disciplinary procedures are specified. The Board is given rulemaking authority. The Department of Public Safety shall establish guidelines to permit a private investigator to carry a concealed firearm, not to be greater than the firearm training imposed on a peace officer standards and training (P. O. S. T.) commissioned officer of a county of the first class classification. Any private investigator holding a valid firearm permit issued by any city not within any county or any city with a population of at least four hundred thousand inhabitants will be exempt from the requirements of this subsection.

The Board shall certify qualified trainers of private investigators. Persons who knowingly falsify fingerprints or photographs or other information required to be submitted is a Class D felony. Violation of other provisions is a Class A misdemeanor unless it is a second or subsequent violation in which case it is a Class D felony.

Provisions for licensure of current law enforcement officers and limitations on their conduct are specified.

This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

KLR:LR:OD (12/02)

SOURCES OF INFORMATION

Department of Economic Development – Professional Registration  
Office of Prosecution Services  
Office of the State Courts Administrator  
State Treasurer’s Office  
Department of Insurance  
Office of the Attorney General  
Office of Administration – Administrative Hearing Commission  
Secretary of State’s Office – Administrative Rules  
Department of Public Safety – Director’s Office  
Department of Public Safety – Missouri State Highway Patrol  
Department of Revenue  
Missouri Public Defender  
Department of Corrections



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